

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY ATHENS

INFO AMEMBASSY BONN

AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMCONSUL FRANKFURT

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E.O. 11652: N/A

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SUBJECT: DEPOSIT INSURANCE PROVISIONS OF INTERNATIONAL
BANKING ACT OF 1976

REF: (A) ATHENS 3325 (B) ATHENS 4446 (C) ATHENS 7318

1. REFTELS REQUEST INFORMATION ABOUT AVAILABILITY OF DEPOSIT INSURANCE FOR U.S. BRANCHES OF FOREIGN BANKS. WE HAVE CHECKED WITH THE STAFF OF THE FDIC, AND THEY ARE UNAWARE OF ANY TYPE OF DEPOSIT INSURANCE BEING AVAILABLE FOR U.S. BRANCHES OF FOREIGN BANKS.

2. HOWEVER, THE PROPOSED INTERNATIONAL BANKING ACT OF 1976 (H.R. 13876), WHICH IS NOW BEING CONSIDERED BY CONGRESS, WOULD ESTABLISH A SPECIAL SYSTEM OF DEPOSIT INSURANCE FOR U.S. BRANCHES OF FOREIGN BANKS. THE BILL WOULD PROHIBIT THESE BRANCHES FROM ACCEPTING DEPOSITS OF U.S. CITIZENS, UNLESS THESE DEPOSITS WERE INSURED IN A SPECIFIED MANNER.

3. THE ENTIRE TEXT OF THE RELEVANT SECTION 6 OF THE BILL IS REPRINTED AS FOLLOWS: "SEC. 6. (A) NO BRANCH MAY ACCEPT DEPOSITS OF UNITED STATES CITIZENS, RESIDENTS, OR BUSINESSES WHOSE PRINCIPAL PLACE OF BUSINESS IS IN THE

UNITED STATES UNLESS THE BRANCH MAINTAINS WITH THE FEDERAL DEPOSIT INSURANCE CORPORATION A SURETY BOND OR PLEDGE OF ASSETS. THE AMOUNTS AND TYPES OF SUCH BONDS AND ASSETS SHALL BE DETERMINED UNDER SUCH RULES AS THE FEDERAL DEPOSIT INSURANCE CORPORATION MAY PRESCRIBE FOR THE PURPOSE OF PROTECTING SUCH DEPOSITS TO THE SAME EXTENT AND IN THE SAME AMOUNT THAT THE DEPOSITS WOULD BE PROTECTED UNDER THE FEDERAL DEPOSIT INSURANCE ACT IF THE BRANCH WERE AN INSURED BANK UNDER THAT ACT. LIABILITIES TO OFFICES, BRANCHES, AGENCIES, SUBSIDIARIES, AND AFFILIATES OF A FOREIGN BANK SHALL NOT BE TREATED AS DEPOSITS IN A BRANCH OF SUCH FOREIGN BANK FOR THE PURPOSES OF THIS SECTION.

(B) THIS SECTION DOES NOT APPLY TO ANY BANK ORGANIZED UNDER THE LAWS OF PUERTO RICO, NOR DOES IT PROHIBIT ANY BRANCH OR AGENCY FROM MAINTAINING CREDIT BALANCES FOR UNCLASSIFIED

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THE ACCOUNT OF CUSTOMERS INCIDENTAL TO, OR ARISING OUT OF, THE EXERCISE OF ITS LAWFUL POWERS.

(C) WITH RESPECT TO BRANCHES IN EXISTENCE ON THE DATE OF ENACTMENT OF THIS TITLE, THIS SECTION SHALL TAKE EFFECT JANUARY 1, 1977. ROBINSON

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